



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 14, 2010

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: 2010-2012 Police Management Memorandum Of Understanding

RECOMMENDATION:

That Council ratify the Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara Police Management Association for the period of July 1, 2010, through June 30, 2011, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2010-2012 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara Police Management Association.

DISCUSSION:

The Memorandum of Understanding (MOU) between the City and the Police Management Association, covering nine management employees, expired on June 30, 2010. As with other groups, the City sought labor concessions from this group. Negotiators reached a tentative agreement with negotiators from the Police Management Association for a two year labor agreement on October 21, 2010. The agreement was ratified by the Association on November 2, 2010.

All employees will be subject to an unpaid furlough of 55 hours in Fiscal Year 2011 and 90 hours in Fiscal Year 2012. Because the Police Department does not close, this furlough will be scheduled throughout the year in the same manner as other types of leave. There will also be no annual vacation or holiday cash out during the term of the Agreement for most employees, with 4 employees being eligible for a limited 20-hour cash out.

To discourage the unnecessary use of sick leave, the City provides an existing benefit to convert unused sick leave time at retirement to a private annuity using a formula based on the employee's retirement formula. Historically, the City has capped this benefit for police sworn employees so that a safety employee's PERS retirement benefit plus this sick leave benefit does not exceed 90% of final pay the maximum allowed under the PERS 3% at 50 safety retirement formula. This cap is not applicable to the

other non-safety employee groups to whom this benefit applies (General, TAP, supervisors, and non-safety managers). The effect of this cap has been that most police safety employees retire before they have 30 years of service in order to avoid reduction or elimination of this benefit. In most cases, this does not create a concern for the City. However police managers, many of whom begin police service in their early twenties, tend to already have many years of service upon appointment to a police management position. As a result, the cap tends to encourage turnover and lead to shorter-term management service, which is not ideal for the organization or the Police Department. As part of this agreement, the City will no longer reduce or eliminate this benefit simply because a police manager chooses longer service.

All employees affected are already eligible for this sick leave annuity benefit. The difference with this MOU is that the sick leave annuity will not be reduced or eliminated even if they work beyond 30 years of service. To the extent that they stay longer, the purchase cost of the annuity to the City will actually be lower. This is not a PERS benefit, so there is not a direct impact on the PERS retirement plan or a need to amend the PERS Police Safety contract with the City. There may be positive or negative actuarial impacts to the PERS Police Safety Plan based on later retirement dates and increased service upon retirement, but because this change will affect so few employees, these can be expected to be minimal.

A number of new provisions have been added to this MOU to reflect existing benefits. These benefits were previously applied to this group by reference to the Management Performance and Compensation Plan. The change will incorporate these provisions in the MOU eliminating the need for reference to an external document.

Agreement with this group was reached before agreement was reached with the Police Officers Association (POA). The POA will begin making retirement cost-sharing payments in January. In order to implement a preferred alternative method of retirement contribution under the POA agreement next year, this group will need to agree to participate in retirement contributions at the same level. That is not part of this current agreement. However, staff will work to try to reach such an additional agreement with this group over the next year. Any such agreement will be cost neutral to the City.

BUDGET/FINANCIAL INFORMATION:

This package will temporarily reduce General Fund labor costs by \$88,466 (-4.70%) in Fiscal Year 2011 and \$118,732 (-6.31%) in Fiscal Year 2012.

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SUBMITTED BY: Marcelo López, Assistant City Administrator

APPROVED BY: City Administrator's Office